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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

December 13, 2013

Certified Return Receipt
7005 2570 0000 4801 5785

Kevin Baugh
Tar Sands Holdings II, LLC
6445 South Wasatch Boulevard, Suite 105
Salt Lake City, Utah 84121

Subject: Status of Notices of Intention Associated with the Asphalt Ridge Mine, Crown Asphalt Ridge LLC and Uintah County Road Department, Asphalt Ridge Mine Exploration (E/047/0066) and Uintah County Asphalt Mine (M/047/0022), Uintah County, Utah

Dear Mr. Baugh:

Tar Sands Holdings II has recently submitted a modified Notice of Intention to Commence Large Mining Operations (Notice) encompassing areas currently included in the Notices for both M/047/0022 and M/047/0032. The modified Notice would combine these two Notices. The permit for M/047/0032 was recently transferred from Crown Asphalt Ridge LLC to Tar Sands Holdings II LLC, but the permit for M/047/0022 is still in the name of the Uintah County Road Department.

Although the Division of Oil, Gas and Mining has attended meetings where representatives of Uintah County indicated they no longer have interest in mining this area, the Division needs to receive an application to transfer the permit for M/047/0022 to Tar Sands Holdings II. This transfer application needs to include the signature of a person designated by the County, such as a commissioner or the Road Department Manager. The Division would normally ask that you submit replacement pages for the Notice including contact information for the new operator, but this is not necessary in this case where two operations are being combined into one Notice and where this information has already been supplied. The transfer application form is available on the Division's web site at https://fs.ogm.utah.gov/PUB/MINES/Minerals_Related/FORMS/MR-TRL.pdf.

There is also an outstanding Notice of Intention to Conduct Exploration (Exploration Notice) in the name of Crown Asphalt Ridge LLC. The permit expired as of November 30, 2013, though it could be extended if necessary. The Division understands the operator plugged the exploration drill holes but that regrading and seeding still need to be completed. On February 25, 2013, the Division approved a partial release of the reclamation surety for the borehole plugging, and this reduced the required surety amount from \$25,343.75 to \$7,600.00. The Division assumes Tar Sands Holdings II will be taking responsibility for the remaining reclamation and, because of the bankruptcy of Crown Asphalt Ridge, that Tar Sands Holdings II would be able to claim the assets in the surety when reclamation is complete.

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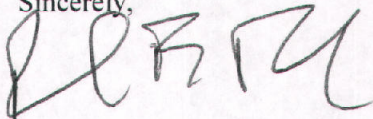
No permit is needed, and no permit transfer is required, if the only remaining work is reclamation, but the Division would need a permit transfer application and a request to extend the permit if Tar Sands Holdings II intends to do additional exploration work.

By January 21, 2014, please notify the Division of your intentions with regard to this Exploration Notice.

Included with this letter are copies of some of the documents associated with the Exploration Notice.

Thank you for cooperation in keeping the Division informed of your intentions with the Crown Asphalt LLC permits. Please call April Abate at 801-538-5214 or me at 801-538-5261 if you have additional questions or require further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Baker', written over a horizontal line.

Paul Baker
Minerals Program Manager

PBB: AA: eb

cc: M/047/0022, M/047/0032, E/047/0066
Denise Dragoo, Snell & Wilmer 15 W South Temple #1200 Salt Lake City, UT 84101
Brent Andrews, Kiron McConkie, 50 East South Temple, SLC, UT 84111
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